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FOR CODEL BENNETT (FOLLOW-UP)

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TAGS: [ENRG](#) [EPET](#) [AU](#)
SUBJECT: OPEC LEADERSHIP PROPOSES CLOSER U.S. TIES

REF: FROATS-GALLOGLY EMAILS

Sensitive but Unclassified.

¶1. (SBU) SUMMARY: Codel Bennett (including Senators Bennett, Cochran, and Voinovich) met November 14 with OPEC Secretary General El-Badri, who expressed a strong desire for closer ties with the U.S. along the lines of OPEC's regular contact with Russia and the EU. El-Badri complained that OPEC is a victim of perennial bad press and misunderstanding in the U.S. He stressed that OPEC wants stable oil prices rather than the recent pattern of artificially high and volatile prices. According to EU representatives here, it meets with OPEC annually at the ministerial level and regularly at the working level; those contacts form a central part of the EU's long term energy security strategy. END SUMMARY.

¶2. (SBU) U.S. Senators Robert Bennett (R-UT), Thad Cochran (R-MS) and George Voinovich (R-OH) visited OPEC headquarters in Vienna November 14 for a meeting with Secretary General Abdalla Salem El-Badri (from Libya) and senior OPEC staff. El-Badri took full advantage of the public relations angle, with a photographer and numerous support staff on hand. He thanked the Senators for the visit and lamented OPEC's irregular contact with U.S. officials. OPEC has frequent discussions with Russia and the European Commission, he noted, expressing hope that the USG will consider improved engagement. The Codel took the request on board (REF).

¶3. (SBU) El-Badri expressed frustration that the press blame OPEC every time the oil price spikes, even when OPEC had no part in price fluctuations. El-Badri asked, "What can our organization say against the world's most powerful country?" El-Badri assured the Senators that despite media reports, OPEC members were in fact discomfited by artificially inflated prices and by the market's recent volatility. (NOTE: the meeting preceded the most recent steep fall in spot prices). OPEC's central goal is to ensure a regular and stable supply of oil - a status quo that is good for both producers and the world's consumers. Lack of understanding about these goals makes OPEC a scapegoat for the West; El-Badri hoped that improved relations with the U.S. would lead to greater appreciation for OPEC's purpose and function.

¶4. (SBU) El-Badri declined to directly address the Codel's question about steps OPEC could take to alleviate the havoc wrought by fluctuating prices (for example, in the airline industry). He also chose not to describe in any detail the specific policies that inform OPEC's decisions. Regarding the G-20 Meeting in Washington, El-Badri claimed little knowledge of the details (Saudi Arabia is the only OPEC member in the G-20), and joked that OPEC had already done its part for economic stimulus through lower oil prices.

¶5. (SBU) In follow-on poloff conversations, European Commission representatives in Vienna said the EU enjoys a high-level and even dynamic relationship with OPEC through its local mission and the Directorate-General for Transport and Energy. Since 2004, the EU has held annual or biannual meetings with OPEC at the ministerial level through the EU-OPEC Energy Dialogue. That Dialogue explores a wide range of issues, including a recent workshop on how financial markets affect the price of oil. Enhanced contact with OPEC and other fora forms a cornerstone of the EU's recently-released Energy Security Action Plan (i.e., its long-term energy strategy).

NOTE

¶6. (U): OPEC headquarters in Vienna employ 142 staff, three of whom are U.S. citizens working in public relations and research. Its staff include highly experienced oil industry specialists and energy economists. OPEC is currently building a new headquarters building in downtown Vienna, signaling a long-term commitment to stay here. Post's ECON-POL Section maintains intermittent staff-level contact with the Secretariat; we understand that the Department engages OPEC primarily through capitals and through periodic Producer-Consumer Dialogue meetings.

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